

THE JACOBS REPORT

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SENATE GOP BLOCKS HOUSE/GRANHOLM AGREEMENT

Intra-party Sniping Heats Up

Governor Jennifer Granholm's executive order budget cut proposal was rejected Thursday by the Senate Appropriations Committee on a party-line vote. An air of tension hovered over the Senate committee hearing as Republicans attempted to weigh the consequences of their House colleagues, who surprisingly and unanimously approved the executive order earlier in the day. In its first show of independence this session, the House GOP leadership may have dealt its Senate contemporaries a major political blow.

"House leadership demonstrated its ability to work toward compromise in a thoughtful manner," said state Senator Gilda Z. Jacobs. "I hold out hope that the Senate Republicans will come around and follow suit. Michigan isn't going to move forward until we start working together."

The House approval was completely unexpected, knocking the Senate GOP off-stride. Capitol observers were excited as they waited to see how the Senate committee would react when it met.

Earlier in the day, Governor Granholm and the House reached compromise when they agreed to scratch a \$30 million cut in higher education aid and put \$2.5 million from the Budget Stabilization Fund into a supplemental budget bill to restore the money cut from Michigan State University's Agricultural Experiment Station and Cooperative Extension Service. The House and governor also agreed that a 4 percent cut to Medicaid providers would be achieved through a second executive order instead of through a supplemental budget bill, shielding all 110 House members from having to vote on the politically delicate cut (except for the 29 members of Appropriations, who would have to vote on it). The last piece of the agreement took \$6 million put aside for a November special election towards the state's youth prison in Baldwin, which would, in effect, keep it open and functioning.

The agreement fell apart when the Senate rejected the executive order.

Governor Granholm was clearly disappointed. "Balancing the state's budget requires tough choices," she said. "I proposed a solution that cut state spending, protected the people's priorities, and still increased funding for our state's universities. The House of Representatives was unanimously willing to stand with me in making the tough decisions to bring state spending in line, but the state Senate demonstrated that it would rather be fiscally irresponsible and continue spending money the state doesn't have."

“Speaker DeRoche and his colleagues understand that if we are to grow our economy, we must spend within our means,” Granholm added. “The Senate leadership’s decision to reject the executive order demonstrates that it is obstructionist in every sense of the word.”

The governor must issue a second executive order within 30 days in response. It’s likely that it will strongly resemble the deal she and the House struck.

SPEAKER SUPPORTS TEACHER RETIREMENT STUDY

House Speaker Craig DeRoche (R-Novi) is supporting the State Board of Education’s call for a \$2-\$5 million study of the state’s teacher retirement system.

DeRoche’s spokesperson, Matt Resch, said the speaker met with state board members and was impressed with their resolve to examine problems in the Michigan Public School Employees Retirement System (MPSERS). School administrators and school boards have said that most, if not all, of the \$175 per pupil spending increase recommended by Governor Jennifer Granholm for the 2005-06 fiscal year will be used to pay for soaring health care and pension costs, not classroom enhancements.

Among considerations the study will examine: pensions, health care benefits, vesting schedules, vesting buy-ins.

HOMEOWNERS: AVOIDING BAD CONTRACTORS

The Michigan Department of Labor and Economic Growth provides information to consumers, including best practices to consider when getting an estimate, choosing a builder, signing a contract, and resolving subsequent contractual problems. For more information, please visit www.michigan.gov/builders.

MICHIGAN’S HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND

The Michigan Homeowner Construction Lien Recovery Fund was created under Section 2 of Public Act 497 of 1980, as amended, to provide protection when the homeowner, has in good faith, paid their licensed contractor for materials and labor and the contractor failed to compensate materialsmen, subcontractors, and/or laborers.

The Program is funded through \$50.00 assessments on each new residential builder and maintenance and alteration contractor, electrical contractor, mechanical contractor, and plumbing contractor licensed by the State of Michigan. Membership is also available to subcontractors and suppliers who provide materials and labor to licensed contractors.

The Fund was created to protect both the homeowners who have contracted with a licensed builder or remodeler for construction or improvements on a home, and the subcontractors, suppliers and laborers who have provided materials or labor on the job. The Fund does not protect from losses on apartment buildings, "spec" homes or commercial construction.

In the past, if a homeowner had completely paid the contractor for the work done, but the subcontractors, suppliers or laborers were not paid for materials or labor they had furnished, the loss was often borne by the homeowner who had to pay twice to protect his or her property from a lien. Now, under the Construction Lien Act, unpaid subcontractors, suppliers or laborers may present their claims to the Fund. Every licensed residential builder, electrical contractor,

plumbing contractor and mechanical contractor is required to contribute into the Fund. Provisions in the law also allow subcontractors, suppliers and laborers to join and participate in the benefits of the Fund.

For more information, please visit: www.michigan.gov/cis/0,1607,7-154-10557_18216-42510--,00.html.

All Michigan legislation can be tracked at <http://www.legislature.michigan.gov/>.

State Senator Gilda Jacobs represents the 14th Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

Constituents of the 14th District may contact Senator Jacobs at sengjacobs@senate.michigan.gov or toll-free at 1-888-937-4453.

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